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DE RUEHKT #0898/01 2740329

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FM AMEMBASSY KATHMANDU

TO RUEHC/SECSTATE WASHDC IMMEDIATE 0811

INFO RUEHBJ/AMEMBASSY BEIJING PRIORITY 7145

RUEHLM/AMEMBASSY COLOMBO PRIORITY 7466

RUEHKA/AMEMBASSY DHAKA PRIORITY 2802

RUEHIL/AMEMBASSY ISLAMABAD PRIORITY 5507

RUEHLO/AMEMBASSY LONDON PRIORITY 6628

RUEHNE/AMEMBASSY NEW DELHI PRIORITY 3254

RUEHWLB/AMCONSUL AUCKLAND PRIORITY 0007

RUEHCI/AMCONSUL KOLKATA PRIORITY 4779

RUEHGV/USMISSION GENEVA PRIORITY 2425

RUCNDT/USMISSION USUN NEW YORK PRIORITY 3676

RUEKJCS/SECDEF WASHDC PRIORITY

RHMFISS/CDR USPACOM HONOLULU HI PRIORITY

RUEAAIA/CIA WASHDC PRIORITY

RHEHNSC/NSC WASHDC PRIORITY

RHEFDIA/DIA WASHDC PRIORITY

C O N F I D E N T I A L SECTION 01 OF 03 KATHMANDU 000898

SIPDIS

E.O. 12958: DECL: 09/29/2019

TAGS: [PGOV](#) [PREL](#) [PHUM](#) [PTER](#) [MARR](#) [KDEM](#) [NP](#)

SUBJECT: NEPAL: LET'S ENGAGE THE KEY PLAYERS

Classified By: Charge d' Affaires, a.i., Jeffrey A. Moon. Reasons 1.4 (b/d).

**¶11.** (U) This is an action request. See paras. 5 and 9.

**¶12.** (C) Summary. Post proposes a new approach to remove two conflict-era impediments to effective U.S. engagement in Nepal: (1) restrictions on U.S. military assistance to the Nepal Army, and (2) ongoing inclusion of the Communist Party of Nepal (Maoists) on two U.S. Government terrorist lists. The military restrictions and terrorist designation limit our ability to engage the Army and the Maoists, perhaps the two most important players in Nepal's current -- and future -- political landscape. The time is ripe to resolve these issues, using them as leverage to generate positive movement on the peace process, democracy, and human rights. Both the Maoists and Army have new incentives to work with us at this critical time in Nepal's peace process. Moving forward simultaneously with both parties gives U.S. initiatives added credibility. Success is by no means assured, but the alternative is the status quo and ongoing stalemate in the peace process. We request that the upcoming Nepal Interagency Policy Committee (IPC) carefully consider this new approach for achieving broader U.S. goals in Nepal. End Summary.

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Nepal Army  
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**¶13.** (C) Since 2005, the U.S. Government has limited military assistance to the Government of Nepal due to concerns about the lack of respect for democracy and human rights. Congress has separately conditioned military assistance to Nepal on concrete action by the Nepal Army on conflict-era human rights cases and other issues, and is considering a similar proposal for FY2010. The restrictions on military assistance limit the U.S. ability to engage the Nepal Army, including our capacity to support the Army's involvement in international peacekeeping operations, such as the currently proposed operations in Darfur (Nepal is the fifth largest troop contributor to UN peacekeeping missions). The Nepal Army leadership, many of whom were trained in the United States, resents the restrictions, viewing them as an affront to the Army's credibility and professionalism. Since the signing of the 2006 Comprehensive Peace Agreement, the Nepal Army has been confined to barracks, and there have been no credible allegations of human rights abuses against the Army

since 2006. In part due to U.S. support, the Army has integrated human rights training into its core curriculum.

#### Ending Impunity

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¶4. (C) Senior Army officers would like to put the issue of conflict-era human rights abuses behind them. At a time when the political situation in Nepal continues to shift, the Army remains concerned about its future in a "new Nepal." It seeks international support and legitimacy, but remains dogged by human rights accusations. The recently-appointed Chief of the Army Staff (CoAS), General Gurung, told Charge d'Affaires on several recent occasions that he is willing to cooperate with civilian officials on punishing Army officers guilty of grave human rights abuses. We should seize this opportunity in close coordination with the international community. The Office of the High Commissioner for Human Rights (OHCHR) continues to press the Government of Nepal and Army to prosecute those guilty of human rights abuses. The European Union and other key donors have separately launched a new impunity strategy focused principally on holding the Nepal Army accountable for past abuses.

#### Concrete, Doable, Measurable Steps

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¶5. (C) Post proposes presenting a list of concrete actions to the Ministry of Defense (MOD) and Nepal Army that the Army must take in order to remove all restrictions on U.S. military cooperation. Actions requested must be clearly defined, doable, and measurable. To maximize international

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leverage, actions sought by the U.S. Government should be consistent with -- if not identical to -- steps requested by the United Nations and like-minded countries. This approach might include specific, emblematic human rights cases, such as the Maina Sunuwar case, as well as more systematic reforms such as a vetting process for international peacekeeping participation. Working closely with OHCHR and other embassies, Post would press for action that would demonstrate the Army's commitment to human rights and democracy. Post would inform the Nepal Army that the U.S. Government is seeking similar actions on the part of the Maoists. In return, the U.S. Government should be prepared to deepen our relationship with the Army: expanding assistance as permitted by U.S. law; considering requests for lethal assistance consistent with the Comprehensive Peace Agreement and U.S. policy objectives; expanding training opportunities for the Nepal Army; and increasing the number of senior-level U.S. military visits. We could also reiterate our commitment to a professional and independent military under civilian control, and our willingness to stress this point with key political parties.

¶6. (C) Before approaching the MOD and Nepal Army, the Department would likely need to seek U.S. Congressional support for the strategy. Once Post presents the key conditions to the Army, it would be unhelpful if the goalposts move. As noted above, Post would work closely with OHCHR, which also provides information to Congress on human rights conditions in Nepal. If OHCHR supports the proposed strategy, OHCHR could be a useful ally in convincing key congressional actors.

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Maoists  
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¶7. (C) In 2003, the United States listed the Communist Party of Nepal (Maoists) as a Specially Designated Global Terrorist under Executive Order 13224, and in 2004 added the Maoists to the Terrorist Exclusion List. While the designations may have served U.S. objectives during the conflict, Post believes the value of the "terrorist label" has largely eroded. The terrorist designation limits our ability to engage with the Maoists, the largest political party in Nepal. The related visa restrictions only irritate the

Maoists and are limiting our ability to include the Maoists in civilian-military programs intended to foster consensus on key political and military issues. Since the Maoists joined the peace process and particularly following the April 2008 elections, the United States has discussed with the party leadership the steps necessary for removal from the U.S. Terrorist list. In June, A/S Blake repeated to Maoist leader Dahal four conditions: (1) renounce the use of terrorism and violence; (2) reform the Maoist-affiliated Young Communist League (YCL); (3) address U.S. concerns about the killing of two Embassy guards and the bombing of the American Center in Kathmandu; and (4) remain engaged in the peace process.

#### Quest for Legitimacy

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¶8. (C) While some Maoists may value "revolutionary credibility" that attaches to the U.S. terrorist label, Post believes most senior Maoist leaders would prefer not to be on the U.S. terrorist list. The Maoists are positioning themselves to return to government in the coming months. Any new Maoist government will seek international legitimacy, an effort only undermined by the U.S. terrorist label. In recent weeks, the Maoists have taken some steps that suggest that they have decided to cooperate more fully with the peace process. For example, the Maoists have resumed participation in the Special Committee for Integration and Rehabilitation of Maoists Combatants and are fully engaged in the constitution-drafting process. YCL activity throughout the country appears down significantly, although the reasons remain unclear. While these steps may be temporary or superficial, they are encouraging and should be tested, not dismissed.

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#### Parallel Pressure

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¶9. (C) Post recommends renewing high-level contacts with Chairman Dahal and other key Maoist leaders on the steps necessary for removal from the terrorist list. We advocate equal, parallel pressure on both the Maoists and the Nepal Army and using this balanced approach as leverage against both institutions. Post suggests working with the Department on refining the criteria for removal from the terrorist list to include more specific actions, and presenting a non-paper to Chairman Dahal with these necessary steps. For example, OHCHR has identified certain human rights abuses by YCL activists. Action on those cases could constitute a benchmark satisfying U.S. concerns about the need for YCL reform. Similar benchmarks should be developed with respect to other outstanding issues.

#### Conclusion

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¶10. (C) Post is under no illusion that the Maoists have become moderate democrats or that the Nepal Army has suddenly embraced human rights accountability. However, current U.S. policy limits full political engagement to the established political parties and keeps us at arms' length from the two most powerful political institutions in the country: the Nepal Army and the Maoists. The ongoing peace process can only succeed if we engage all institutions across the political spectrum. To do so, we must remove the two conflict-era impediments to normalized U.S.-Nepal relations.

¶11. (C) Success is by no means assured, but the alternative is the status quo and ongoing stalemate in the peace process. Powerful forces in both the Army and Maoists will resist positive movement. However, we strongly believe that any leverage the U.S. Government gained through imposing military restrictions and labeling the Maoists terrorists is now outweighed by the negative impact on our ties with these two key Nepali actors. Removing military restrictions and the Maoists from the terrorist list does not mean that the U.S. Government will stop pressing aggressively for the end to violence, human rights accountability, democratic reform, and

completion of the peace process. We will simply do so through comprehensive diplomatic engagement and a broader range of tools at our disposal.

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